

PAN MALAYSIA CAPITAL BERHAD

Company No : 76771 - M
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Revenue	5,868	3,400	21,618	17,337
Cost of services	(2,996)	(1,474)	(10,949)	(8,828)
Gross profit	2,872	1,926	10,669	8,509
Other income	243	369	1,014	1,475
Other operating expenses	(3,405)	(3,610)	(15,334)	(15,045)
Loss from operations	(290)	(1,315)	(3,651)	(5,061)
Non-operating expense (refer Note A3)	(16,808)	(99,474)	(12,245)	(94,385)
Finance costs	(668)	(585)	(2,605)	(2,604)
Loss before tax	(17,766)	(101,374)	(18,501)	(102,050)
Tax expense	(4,283)	(11,063)	(3,427)	(11,505)
Loss for the financial period/year	(22,049)	(112,437)	(21,928)	(113,555)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the financial period/year	(22,049)	(112,437)	(21,928)	(113,555)
	Sen	Sen	Sen	Sen
Loss per share:				
- Basic/Diluted	(2.70)	(13.79)	(2.69)	(13.93)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	31.12.2013 RM'000	31.12.2012 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	7,325	8,093
Other investments	-	200
Intangible assets	27,008	44,037
Goodwill on consolidation	1,580	1,580
Deferred tax assets	2,253	5,001
Deposits	237	231
	<u>38,403</u>	<u>59,142</u>
Current assets		
Other investments	2,841	1,717
Trade and other receivables	103,853	50,317
Current tax assets	43	995
Deposits, cash and bank balances	56,333	75,036
	<u>163,070</u>	<u>128,065</u>
TOTAL ASSETS	<u>201,473</u>	<u>187,207</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	326,124	326,124
Reserves	30,350	30,350
Accumulated losses	(350,662)	(328,734)
Total Equity	<u>5,812</u>	<u>27,740</u>
Current liabilities		
Amounts owing to brokers and clients	58,721	25,014
Other payables and accruals	82,271	80,099
Borrowings - unsecured	54,384	54,354
Current tax liabilities	285	-
	<u>195,661</u>	<u>159,467</u>
Total Liabilities	<u>195,661</u>	<u>159,467</u>
TOTAL EQUITY AND LIABILITIES	<u>201,473</u>	<u>187,207</u>
	RM	RM
Net assets per share attributable to equity holders	<u>0.01</u>	<u>0.03</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

CUMULATIVE 12 MONTHS	Share	Non	Accumulated	Total Equity
	Capital	Distributable	Losses	
	RM'000	Other Reserves RM'000	RM'000	RM'000
Balance as at 01.01.2013	326,124	30,350	(328,734)	27,740
Total comprehensive loss	-	-	(21,928)	(21,928)
Balance as at 31.12.2013	326,124	30,350	(350,662)	5,812
Balance as at 01.01.2012	326,124	30,350	(215,179)	141,295
Total comprehensive loss	-	-	(113,555)	(113,555)
Balance as at 31.12.2012	326,124	30,350	(328,734)	27,740

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

PAN MALAYSIA CAPITAL BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	CUMULATIVE 12 MONTHS	
	31.12.2013 RM'000	31.12.2012 RM'000
Cash Flows From Operating Activities		
Loss before taxation	(18,501)	(102,050)
Adjustments for:-		
Depreciation	779	948
Finance costs	2,605	2,604
Interest income	(4,176)	(3,159)
Other non-cash items	16,147	100,063
Operating loss before working capital changes	(3,146)	(1,594)
Net change in working capital	(20,578)	(426)
Interest paid	(18)	(12)
Interest received	3,226	1,738
Tax refunded/ (paid)	558	(772)
Net cash flows used in operating activities	(19,958)	(1,066)
Cash Flows From Investing Activities		
Interest received	950	1,421
Purchase of property, plant and equipment	(202)	(348)
Proceeds from disposal of property, plant and equipment	190	595
Proceeds from disposal of other investments (non-current)	287	-
Withdrawals/(placement) of deposits pledged to a licensed bank	150	(6)
Net cash flows from investing activities	1,375	1,662
Cash Flows From Financing Activities		
Repayment to a corporate shareholder	-	(323)
Drawdown of term loans	30	29
Net cash from/(used in) financing activities	30	(294)
Net (Decrease)/Increase In Cash and Cash Equivalents	(18,553)	302
Cash And Cash Equivalents At Beginning Of The Financial Year	74,669	74,367
Cash And Cash Equivalents At End Of The Financial Year	56,116	74,669
Cash And Cash Equivalents consist of:-		
Deposits, cash and bank balances	56,333	75,036
Deposits pledged to banks	(217)	(367)
	56,116	74,669

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements)

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to Malaysian Financial Reporting Standards ("MFRS") 139 Financial Instrument: Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2013 :-

MFRS 3	<i>Business Combinations</i>
MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (revised)</i>
MFRS 127	<i>Consolidated and Separate Financial Statements (revised)</i>
MFRS 128	<i>Investments in Associates and Joint Ventures (revised)</i>
Amendments to MFRS 1	<i>First-time Adoption of MFRS - Government Loans</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements: Transition Guidance</i>
Amendments to MFRS 11	<i>Joints Arrangements: Transition Guidance</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Transition Guidance</i>
Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

A2. Seasonal or Cyclical Factors

The businesses of the Group are not materially affected by seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence in the financial year ended 31 December 2013 other than the non-operating expense as follows:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	4	2	3,953	5,377
Gain on disposal of property, plant and equipment	-	-	-	14
Gain on disposal of other investments (non-current)	-	-	87	-
Gain on foreign exchange (realised)	19	25	33	300
Impairment of intangible assets	(17,029)	(100,000)	(17,029)	(100,000)
(Impairment)/Reversal of impairment on receivables	(55)	380	(75)	575
Provision for legal claims	(339)	-	(339)	-
Reversal of impairment/(impairment) on other investments	592	119	1,125	(651)
	(16,808)	(99,474)	(12,245)	(94,385)

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A4. Changes in Estimates Reported in Prior Interim Years

There were no changes in estimates of amounts reported in prior financial year, which may have a material effect during the financial year ended 31 December 2013.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2013.

A6. Dividends Paid

No dividend was paid during the financial year ended 31 December 2013.

A7. Operating Segment

Segmental information is not provided as the activities of the Group comprise principally stockbroking and related services, which are conducted in Malaysia.

A8. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the financial year ended 31 December 2013 that have not been reflected in the interim financial statements for the said year as at the date of this report.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial year ended 31 December 2013.

A10. Commitments and Contingent Liabilities

The Group does not have any material contingent liabilities and capital commitments as at the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded revenue of RM21.6 million for the financial year ended 31 December 2013 compared with the revenue of RM17.3 million from the last financial year. The higher revenue of the Group in the current financial year was mainly due to higher gross brokerage income and interest income from margin financing.

The gross brokerage income of the Group increased by 21.80% compared to the last financial year due to higher trading activities from April 2013 to December 2013. Interest income from margin financing also increased by 72.40%.

The loss before tax ("LBT") of RM18.5 million for the financial year ended 31 December 2013 (LBT for financial year ended 31 December 2012: RM102.1 million) was mainly due to the impairment of intangible assets of RM17 million (impairment of RM100 million for financial year ended 31 December 2012).

B2. Comparison with Preceding Quarter Result

The Group recorded revenue of RM5.9 million and LBT of RM17.8 million for the current quarter compared with the revenue of RM6.0 million and LBT of RM0.29 million recorded in the preceding quarter. The Group recorded higher LBT in the current quarter mainly due to lower debts recovery and impairment loss of intangible assets.

B3. Year 2014 Prospects

According to Malaysian Institute of Economic Research, Malaysian real GDP is projected to grow between 5.0% and 5.5% in 2014; following through from the strong fourth quarter growth in 2013. The Group expects the business environment for the financial year ending 31 December 2014 to be challenging. Nevertheless, the Group will strengthen its stockbroking activities with various strategies to improve its financial performance. These include plans to rationalise its branch network, enlarge its team of dealer's representatives, participate more actively in IPO financing, debt capital market and increase the use of margin financing.

B4. Variance on Forecast Profit/Profit Guarantee

This is not applicable to the Group.

B5. Loss before tax

Included in the loss before tax are the following:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Interest income	1,287	1,060	4,176	3,159
Depreciation	(185)	(277)	(779)	(948)

B6. Tax expense

Tax expense comprises the following:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense	268	55	408	280
Under provision in respect of prior years	1,267	11	271	228
	1,535	66	679	508
Deferred tax	2,748	10,997	2,748	10,997
	4,283	11,063	3,427	11,505

The tax provision of the Group is mainly due to taxable profits of certain subsidiaries and the absence of group relief on losses incurred by other subsidiaries.

B7. Status of Corporate Proposals

On 26 February 2013, the Board announced that the Company is considered a Practice Note 17 ("PN17") company pursuant to Paragraph 2.1(a) of PN17 and Paragraph 8.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The PN17 criteria was triggered as a result of the Company's latest unaudited financial statements for the financial year ended 31 December 2012 that was announced on 26 February 2013 stating that the Company's shareholders' equity on a consolidated basis is 25% or less of the issued and paid-up capital and such shareholders' equity is less than RM40 million.

On 4 February 2014, the Board of Directors of the Company announced that the Company despite trying its best to seek opportunities and options, including discussions with potential white knight, is not optimistic of being able to submit a Regularisation Plan to the relevant authorities for approval on or before the deadline of 25 February 2014.

Other than the above, there is no outstanding corporate proposal as at the date of this report.

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B8. Group Borrowings and Debt Securities

- (i) As at 31 December 2013, no bank facilities were utilised by the Group.
(ii) The Company has a term loan of RM54.4 million due to a company related to a corporate shareholder of the Company. The term loan is measured at amortised cost.

B9. Derivative Financial Instruments

There were no derivative financial instruments as at the date of this report.

B10. Fair Values Changes Of Financial Liabilities

As at 31 December 2013, the Group does not have any financial liabilities measured at fair value through profit or loss.

B11. Realised and Unrealised Profits/(Losses)

The accumulated losses of the Group comprised the following:-

	At 31.12.2013 RM'000	At 31.12.2012 RM'000 (Audited)
Realised losses	(355,663)	(333,735)
Unrealised profits	5,001	5,001
Total accumulated losses of the Group	<u>(350,662)</u>	<u>(328,734)</u>

B12. Material Litigation

The material litigation of the Group as at the date of this report are as follows:-

Proceedings have been and will be initiated by PM Securities Sdn. Bhd. and Pan Malaysia Equities Sdn. Bhd. against various clients and debtors whose accounts are in default or overdue. As at date of this report, these subsidiaries have filed claims against various clients and debtors in the aggregate sums of RM30.6 million together with interest and costs.

A claim of RM433,241 were brought by a customer of the stockbroking subsidiary for recovery arising from fraudulent conduct by an ex-remisier.

B13. Dividend

No dividend has been recommended by the Board for the financial year ended 31 December 2013 (31 December 2012 : Nil).

B14. Loss Per Share

- (i) Loss per share :-

The loss per ordinary share is calculated by dividing the loss for the financial period/year with the weighted average number of ordinary shares in issue during the financial period/year as follows:-

	<u>FOURTH QUARTER</u>		<u>CUMULATIVE 12 MONTHS</u>	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Loss for the financial period/year (RM'000)	(22,049)	(112,437)	(21,928)	(113,555)
Weighted average number of ordinary shares in issue ('000)	815,309	815,309	815,309	815,309
Loss per share (sen)	<u>(2.70)</u>	<u>(13.79)</u>	<u>(2.69)</u>	<u>(13.93)</u>

- (ii) Diluted loss per ordinary share is the same as the basic loss per ordinary share as there were no dilutive potential ordinary shares in issue at the end of the reporting period.

B15. Audit Report of Preceding Annual Financial Statements

The audit report of the audited financial statements for the year ended 31 December 2012 was not qualified.

**BY ORDER OF THE BOARD
PAN MALAYSIA CAPITAL BERHAD**

**Soo-Hoo Siew Hoon
Lee Chik Siong
Joint Company Secretaries
17 February 2014**